

The following is the text of a joint letter today to Montgomery County Executive Douglas M. Duncan from County Council President Blair Ewing, Council Education Committee Chairman Michael Subin, Board of Education President Nancy J. King, and Board Vice President Kermit V. Burnett. The letter is in response to statements last week by Mr. Duncan criticizing the implementation of a 90-day moratorium on school construction bids.

For more information, contact Patrick Lacefield of the County Council at 240-777-7900 or Brian J. Porter of the Montgomery County Public Schools at 301-279-3850 or by after-hours cell phone at 301-219-0741.]

Joint Letter on School Construction
Montgomery County Council and Montgomery County Board of Education

May 22, 2001

The Honorable Douglas M. Duncan
Montgomery County Executive
Executive Office Building
101 Monroe Street
Rockville, Maryland 20850

Dear Mr. Duncan:

Your letter of May 17, 2001, to Dr. Jerry D. Weast, superintendent of schools, concerning the 90-day moratorium on bids for school construction projects was inappropriate and inaccurate. Indeed, your letter has raised several serious issues that need to be clarified, not from the questions you asked but from the incomplete picture your letter presented about the problems affecting construction projects generally and school construction specifically. We are responding to the letter because the decision to impose this moratorium was made by the County Council and the Board of Education together. Therefore, this is a joint response to your request for information about why this action was taken.

The action to halt the bids is a temporary measure to address the significant increase in construction prices in the Washington Metropolitan Area. It was not a decision to halt the school construction program for one year. In fact, three of the current bid projects are proceeding on their original schedules. All of the other projects will be reviewed again after the 90-day period as to whether the inflated construction market has cooled sufficiently to allow the remaining projects to move forward.

As you are well aware, school construction prices have increased substantially over the past three years. This issue has been the topic of several public discussions between the Board of Education and County Council over the past year, and members of your staff have participated on the interagency workgroup reviewing this issue. The Board of education's FY 2002 Capital Budget Request included \$13.1 million for projected increases in construction prices for modernization projects scheduled to be bid this summer. Although you did not propose funding for these price increases in your recommended capital budget, the Council has recognized the critical need for these funds and tentatively approved the increases as part of the FY 2002 Capital Budget.

Your lack of support for an appropriate level of funding for all school construction projects and your misleading statements about the construction price increases are not helping the situation. Indeed, your

suggestion that the Board of education's FY 2002 Capital Budget and Amendments to the FY 2001-2006 Capital Improvements Program (CIP) requesting increases in the capital program in an off year? is somehow related to this decision is inaccurate. In fact, had it not been for the Council's intervention, your decision not to support funding for many of the Board of education's requests would have led to even more delays in the school system's capital program. Ninety-eight percent of the Board of education's amendments this year were the result of either increases due to rising construction costs or funding requests for projects that were approved for facility planning last year.

The situation facing the school system is not difficult to understand. The interagency work group was formed because spiraling increases in construction costs were affecting all agencies. The council's Education Committee asked school system staff to work with staff from both the Council's office and your offices, along with individuals from the construction industry, this past winter to evaluate the construction market and prepare a forecast of construction costs in the Washington area for 2001. This work group thoroughly analyzed the local construction market and projected that prices would increase eight percent this year. This information was used to support the market adjustment to the Interagency Committee on School Construction's approved square footage reimbursement rate that you, the Council, and Board requested in the FY 2002 request for state school construction funding. While the Board of Public Works increased the initial state reimbursement rate for FY 2002 by 5 percent for all jurisdictions, it did not approve the total market adjustment that was requested. That under-funding of school projects inhibits the school system's ability to respond positively to rising market rates.

For example, the bids received for two elementary school modernization projects this spring have been 15 percent and 13 percent, respectively, over the initial FY 2002 state allowable reimbursement rate. While the 5-percent increase approved by the Board of Public Works partially addresses these tremendous jumps in costs, the bids are still 10 and 8 percent over the revised reimbursement rate from the state for FY 2002. In addition, the bids recently received for Walter Johnson High School have exceeded the project estimate by \$1.2 million.

The halt to the bidding is in response to these conditions. With the shortfall in state funds for FY 2002 and the increased construction prices, there are not sufficient funds to complete the school projects already tentatively approved by the Council. These projects cannot move forward when there is such a significant funding shortfall. Instead, a calm and rational waiting period is necessary to allow the market to cool. Our approach is reasonable and prudent given the need for a comprehensive approach to the difficult situation facing the school system and its need to address the academic and facility needs of a rapidly growing enrollment.

Your letter misses this point and forms inaccurate and misleading conclusions. For example, the moratorium will not affect the class-size reduction initiatives. As you know, the space needs for these initiatives are being addressed on an interim basis through the use of relocatable classrooms and are not dependent on permanent facilities. Moreover, the moratorium will not impact the school system's ability to provide clean and safe learning environments. While the capital improvements program is certainly necessary to provide adequate facilities, your statement implying that it will prevent the school system from providing safe and clean facilities is unfounded.

In order to be sure that you and your staff understand the impact of the 90-day moratorium, here are the key points:

* Three approved construction projects are moving forward -- the Wood Acres Elementary School modernization, the Walter Johnson High School addition, and the reopening of Albert Einstein Middle School #2.

* Four projects providing school additions will be delayed anywhere from 45 to 60 days for Oakland Terrace and Greenwood Elementary Schools, Robert Frost Middle School, and the Whittier Woods expansion of Walt Whitman High School. These projects were to have been bid between the end of May and the middle of June. As a result of the moratorium, the bids will be delayed until at least the beginning of August. However, this will not have an impact on the instructional programs in these schools in FY 2002, and, at worst, it could require us to continue to use relocatable classrooms next year.

* Two gymnasium additions at Ashburton and Sally Ride elementary schools that were scheduled to be bid in July may be delayed for a month or two, but will not impact the instructional programs at these schools.

* Three additional projects -- the Montgomery Village Middle School modernization, the Oak View Elementary School core expansion, and the Kingsley Wilderness program replacement -- were not being bid until later this summer and will not be affected unless this moratorium is extended beyond 90 days. Since the Montgomery Village project is a two-year project, we will have adequate time to bring this project in on schedule.

* The greatest impact of a 90-day moratorium will be on elementary modernization projects. It will be impossible to complete three elementary modernizations -- Page, Lakewood, and Glen Haven -- in time for the currently scheduled openings in September 2002. Because there are only two modernizations scheduled for FY 2003, this delay may impact only one additional school in FY 2003 and perhaps one in FY 2004. Based on your recommended FY 2002 Capital Budget, at least one and maybe two of these projects would have been delayed in any case (although we realize that you did not make this recommendation directly).

We are optimistic that the impact of the 90-moratorium will be minimal and that we can move forward with all of these projects in the fall. There has been no decision, as you have suggested in your letter, to delay any project for an entire year.

Your letter makes an accusation of mismanagement that is not warranted. The members of the County Council and certainly the Board of Education have the utmost respect and confidence in the school construction program and its leadership. Your suggestion to the contrary is without foundation. The Education Committee has discussed and reviewed issues such as standards, the scope of modernizations, and implementation schedules with school system staff during their budget discussions earlier this year. Staff from both the Council and the school system will review these program elements during the upcoming months and prepare a report for full Council discussion during the Capital Improvement Program deliberations next year. Your staff will be asked to participate in this effort.

Your efforts to convince the Board of Public Works to exercise flexibility in the funding criteria and provide an appropriate regional adjustment are laudable. But your letter casting doubt about the actions of Dr. Weast and, by implication, the County Council and the Board of Education was an unnecessary and confrontational reaction to serious and complex issues. Nonetheless, we are eager to work with you on these matters in a way that fosters mutual respect and collegiality. However, until additional funding can be identified or other means become available to address the FY 2002 funding shortfall for school construction, the Council and the

Board are not prepared to create expectations that cannot be met.

We hope this answers your questions regarding the bid moratorium and look forward to working with you on this issue.

Sincerely,

Blair G. Ewing, President
County Council

Michael L. Subin, Chair
Education Committee

Nancy J. King, President
Board of Education

Kermit V. Burnett, Vice President
Board of Education